

INDIA GRI MAGAZINE

THE BIG INTERVIEW WITH **GARY
GARRABRANT**

&

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Why India? Why now?

AN INTERNATIONAL INVESTOR PERSPECTIVE

An interview with Gary Garrabrant

Gary is optimistic about India and elaborates on his enthusiasm for investing in ‘the last man standing out of the BRICS’

GRI: Why are you focusing on India?

GG: India is one of the most important growth markets from a global perspective. In our view, India is the most compelling growth market in Asia right now for a number of reasons including a young and aspirational population, the scale and growth of the middle-class, entrepreneurial

spirit and capital inefficiency. Beyond the high barriers-to-entry common in emerging markets, India has been further challenged by complexity, bureaucracy and corruption. At the same time, India offers a broadening array of scalable opportunity for experienced and disciplined investors working in collaboration with strong local partners.

GRI: Why now?

GG: India is clearly pivoting as a country, benefiting from new leadership implementing needed reforms, which has enabled established and new enterprises alike. An optimistic spirit prevails through institutional, corporate and consumer sectors. Low energy prices effectively generate a substantial dividend (in savings) for the country, expected to continue for the foreseeable future. While performance has fallen short of expectations over the recent past, an unprecedented number of prominent institutional investors have made substantial commitments to various platforms in India. We are excited about the prospects of establishing a long-term, sustainable presence in India as this new, promising chapter begins.

GRI: What lessons have you learned in India and other emerging markets globally?

GG: We have noticed that several of the most valuable lessons are recurring and highlight the importance of local

Gary Garrabrant founded Jaguar Growth Partners in 2013 with Thomas McDonald, after pioneering emerging market investments as a co-founder of Equity International. We spoke to Gary about his focus on India.



partner selection, platform scalability and multiple liquidity options. We are distinguished by the quality of our operating partners with whom we have worked in close collaboration to build leading operating platforms and companies across the full spectrum of real estate sectors. We visited India regularly for over 10 years before identifying the “right” partner, introduced by mutual friends. This partner is distinguished by unparalleled domain expertise, passion for the business and a commitment to the highest institutional standards. Globally, we have enjoyed our greatest success building sector-leading, scalable operating platforms. Finally, we have learned to be both athletic and agnostic as it relates to optimizing value and liquidity via institutional partners, public equity and strategic combination.

GRI: What would you say to those who came to India 10 years ago and got burned?

GG: We actually have current and prospective partners who experienced disappointment in India well beyond their expectations, and beyond their

experiences in other emerging markets. We reiterate to these partners our commitment to the highest standards and our requirement of same from local partners. We amplify the importance of partner selection, with a particular focus on realistic goal-setting. Finally, we convey our enthusiasm for India as a country of opportunity, tempered by realism and an appreciation for, and application of, lessons learned.

GRI: Do you see opportunities in REIT-s or is private equity the place to be in India?

GG: The development of publicly-held real estate companies can be enormously impactful in India as has been the case in Mexico, Brazil, etc. Whether in the form of a REIT or C-Corp, strong leadership and governance, proper accounting and financial reporting, and share liquidity will drive ultimate success. We expect this market to be initially led by Blackstone with their office property portfolio transformed into an institutional-quality REIT. We expect to participate over time as we have in other geographies.

GRI: What areas of India and what asset classes interest you right now?

GG: The major markets in India are most attractive as these cities attract the greatest concentration of human and financial capital. Infrastructure improvements will be concentrated in these markets as well. Sectors propelled by the growth of the middle-class and attendant consumerism are most attractive, akin to other emerging markets. These include housing, retail property and warehouse, distribution and logistics.

GRI: How does India compare to Brazil and some of the other markets where Jaguar invests?

GG: Opportunities have been and continue to be more concentrated in India. The country is vast and diversified and, at times, chaotic. The gap between rich and poor is more pronounced and visible in India relative to, say, Brazil where the gap is less visually accessible. Inadequate infrastructure on multiple levels is a nagging issue in India as well as Brazil and most other growth markets.

Inefficient and inadequate equity and debt capital is also a common theme. Despite these apparent constraints, India is enjoying economic growth far outpacing the whole of Latin America and most/all emerging markets. Respected global investors are establishing and expanding their presence in India, a trend we expect to continue and accelerate, further propelling and distinguishing India among growth markets globally.

A blue rectangular poster for the 'INDIA GRI 2017' event. The text is white and gold. At the top, 'INDIA' is written in large white serif font, and 'GRI 2017' is written below it in a smaller gold serif font. Below this, the text 'CONNECTING INDIAN & GLOBAL REAL ESTATE LEADERS' is written in white sans-serif font, with 'CONNECTING' on one line, 'INDIAN & GLOBAL' on the next, 'REAL ESTATE' on the third, and 'LEADERS' on the fourth. At the bottom right, 'November 2017' is written in white sans-serif font, and below it, 'find out more ►' is written in a smaller white sans-serif font.

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